GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

SUGAR – Extension of unconditional default Government Guarantee to obtain loan from the NCDC, New Delhi for an amount of Rs.200 Crores with applicable interest rate duly accepting for release of funds to the needy co-operative Sugar Factories through the state Government – Orders - Issued.

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INDUSTRIES AND COMMERCE (Prog.II) DEPARTMENT

G.O.MS.No. 31 Dated: 07-02-2019

Read the following:-

1. G.O.Ms.No.9, Ind.& Com.(PROG-II) Dept., dt:10.01.2018.
2. G.O.Ms.No.24, Ind.& Com.(PROG-II) Dept., dt:02.02.2018.
3. Govt. Letter No4610/Prog-II/A2/2017, Dt: 16.02.2018.
4. The Executive Director (Sugar), NCDC, New Delhi, vide Letter No.NCDC:22-13/2017-Sugar/481, Dt.26.02.2018.
5. Group of Minister meeting Minutes held on 20.12.2018.
6. From the DoS&CC, Tadepalli, Rc.No.122/2017/D1, Dt: 03.01.2019.
7. Govt., Letter No.4610/Prog-II/A2/2017, Dt: 29.01.2019.

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ORDER:

In the G.O's 1st and 2nd read above, orders have been issued for extending default Guarantee for principal amount of Rs 235.00 Crores in favour of NCDC, New Delhi towards working capital loan for the 4 Co-Operative Sugar factories.

2. In the letter 3rd read above, NCDC, New Delhi was requested to sanction of working capital loan of Rs.235.00 crores to four cooperative sugar factories of Andhra Pradesh. But the Executive Director (Sugar), NCDC, New Delhi, in his letter 4th read above, has informed that due to erosion in the paid up share capital all the four societies did not meet the direct funding norms of NCDC, approved by Board of Management. However, it is further reiterated that the Corporation can consider the proposals if it is routed through State Government i.e. the assistance will be provided to State Government and State Government will pass on the same to the societies.

3. During the Group of Ministers in the meeting held on 20-12-2018, to look into the problems/issues confronting the sugar sector in Andhra Pradesh, after detailed discussion among other issues resolved to sugar sector regarding Government default Guarantee for a tune of Rs.200.00 crores is as follows:-

(i) To obtain loan from NCDC to a tune of Rs.200.00 crores with unconditional Government default guarantee, duly accepting for release of funds to the needy Co-operative Sugar Factories through the State Government, in view of the stringent financial position of the State Government.

(P.T.O)

(ii) to provide required financial assistance as Loan to the (4) non-working CSFs (Cuddapah, Chittoor, Sri Venkateswara and Kovvur) towards part payment salaries/wages and retirement/death benefits from out of the above loan amount.

(iii) to accept the VRS proposals of NVR & ADR Co-operative Sugar Limited, Jampani, Subject to release of funds from the loan to be obtained from NCDC, as all the employees of the Co-operative Sugar Factory submitted willingness to go on VRS.

4. Government after careful examination the matter hereby extended the unconditional default Government Guarantee to obtain loan from the NCDC, New Delhi to a tune of Rs.200 Crores for a Department of Industries & Commerce (Sugar) with applicable interest rate duly accepting for release of funds to the needy co-operative Sugar Factories through the state Government.

5. Separate Guarantee Deeds will be executed by the Secretary to Government, Finance Department, after the actual amounts are sanctioned by the NCDC, New Delhi.

6. The Director of Sugar and Cane Commissioner, A.P, Tadepalli, Guntur District shall take necessary action accordingly.

7. This order issued with the concurrence of the Finance (FMU, I&C) Dept., vide their U.O.No.FIN01-FMU0ASD(IC)/7/2019-FMU-IC, dt.22.01.2019, Computer No.768969.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

M. GIRIJA SHANKAR
SECRETARY TO GOVERNMENT

To
The Director of Sugar & Cane Commissioner, Tadepalli,
Guntur District.
M/s the Chodavaram Cooperative Sugars Limited, Govada, Anakapalli, Visakhapatnam
M/s. Etikoppaka Cooperative Agricultural & Industrial Society.
M/s. Thandava Cooperative Sugars Limited.
M/s. Sri Vijayarama Gajapathi Cooperative Sugars Limited.
Copy to:
The Executive Director, (Finance Division), NCDC,
Sri Institutional Area, Hauz Khas, New Delhi
The Finance (FMU. Rev.-I&C) Department.
The Accountant General, Andhra Pradesh, Hyderabad.
The P.S. to Prl. Secretary to C.M.
The P.S. to Secretary to Government, Finance Department.
The P.S. to Secretary to Government (Sugar)
The GAD (Cabinet) Department
Sf/Sc.

//FORWARDED:: BY ORDER//

SECTION OFFICER